

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 932

Introduced by Assembly Member Blumenfield

February 18, 2011

An act to ~~amend Section 3384~~ *add Article 12 (commencing with Section 920) to Chapter 4 of Part 1 of Division 1* of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 932, as amended, Blumenfield. ~~Consumer Power and Conservation Financing Authority: renewable energy resources.~~ *Renewable energy resources: Renewable Transition Financing Act.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, and authorizes the commission to fix just and reasonable rates and charges. The existing restructuring of the electrical services industry provides for the issuance of rate reduction bonds by the California Infrastructure and Economic Development Bank for the recovery of transition costs, as defined, by electrical corporations.

This bill would enact the Renewable Transition Financing Act. The act would authorize a financing entity, as defined, to issue green rate reduction bonds, as defined, for the recovery of transition costs, as defined, by an electrical corporation.

~~Existing law creates the California Consumer Power and Conservation Financing Authority with the responsibility to implement certain purposes, including to provide loans to consumers and businesses for the purpose of an electric or natural gas energy conservation program or any program for the use of renewable energy resources, as approved~~

by the State Energy Resources Conservation and Development Commission (Energy Commission), the Public Utilities Commission (PUC), or a participating local publicly owned electric utility. Existing law prohibits the authority from financing or approving any new program, enterprise, or project on or after January 1, 2007.

~~This bill would make an exception to the above-described prohibition for a program for the use of renewable energy resources as approved by the Energy Commission, PUC, or local publicly owned electric utility.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Article 12 (commencing with Section 920) is*
2 *added to Chapter 4 of Part 1 of Division 1 of the Public Utilities*
3 *Code, to read:*

4
5 *Article 12. Renewable Transition Financing Act*
6

7 920. (a) *This article shall be known, and may be cited, as the*
8 *Renewable Transition Financing Act.*

9 (b) *For purposes of this article, the following terms have the*
10 *following meanings:*

11 (1) *“Financing entity” means any special purpose trust, as*
12 *defined in Section 63010 of the Government Code, authorized to*
13 *issue green rate reduction bonds or acquire transition property,*
14 *or any other entity created and authorized by the Treasurer, as*
15 *agent of sale, to issue green rate reduction bonds or acquire*
16 *transition property, or both.*

17 (2) *“Financing order” shall mean an order of the commission*
18 *adopted in accordance with this article, which shall include,*
19 *without limitation, a procedure to require the expeditious approval*
20 *by the commission of periodic adjustments to fixed transition*
21 *amounts included therein to ensure recovery of all transition costs*
22 *and the costs of capital associated with the proposed provision,*
23 *recovery, financing, or refinancing thereof, including the costs of*
24 *issuing, servicing, and retiring the green rate reduction bonds*
25 *contemplated by the financing order. These adjustments shall not*
26 *impose fixed transition amounts upon classes of customers who*

1 were not subject to the fixed transition amounts in the pertinent
2 financing order.

3 (3) “Fixed transition amounts” means those nonbypassable
4 rates and other charges, including, but not limited to, distribution,
5 connection, disconnection, and termination rates and charges,
6 that are authorized by the commission in a financing order to
7 recover (A) transition costs, and (B) the costs of providing,
8 recovering, financing, or refinancing the transition costs through
9 a plan approved by the commission in the financing order,
10 including the costs of issuing, servicing, and retiring green rate
11 reduction bonds. If requested by the electrical corporation in its
12 application for a financing order, fixed transition amounts shall
13 include nonbypassable rates and other charges to recover federal
14 and state taxes whose recovery period is modified by the
15 transactions approved in the financing order.

16 (4) “Green rate reduction bonds” means bonds, notes,
17 certificates of participation or beneficial interest, or other
18 evidences of indebtedness or ownership, issued pursuant to an
19 executed indenture or other agreement of a financing entity, the
20 proceeds of which are used, directly or indirectly, to provide,
21 recover, finance, or refinance transition costs, and that are directly
22 or indirectly secured by, or payable from, transition property.

23 (5) “Transition costs” means the costs for investments in
24 transitioning to a lower carbon economy in the State of California
25 including, but not limited to: (1) clean energy technologies; (2)
26 advanced or enabling energy infrastructure technologies; (3)
27 energy efficiency projects and technologies in residential,
28 commercial, and industrial applications; (4) advanced
29 manufacturing technologies for any of the technologies or
30 applications described in this section, and (5) renewable energy
31 generation and transmission projects all as designated and
32 administered by electrical corporations or the State pursuant to
33 a financing order of the commission. Transition costs may be
34 estimated at the time an electrical corporation applies for a
35 financing order; provided, however, net proceeds from any related
36 issuance of green rate reduction bonds shall be held in escrow
37 pending completion of such investments attributable to transition
38 costs. All costs shall be approved by the commission pursuant to
39 a financing order. Transition costs shall also include the costs of
40 refinancing or retiring of debt or equity capital of the electrical

1 corporation, and associated federal and state tax liabilities. Each
2 financing order shall specify transition costs that include an
3 amount of debt or equity capital of the electrical corporation to
4 be refinanced or retired, or an amount of debt or equity capital
5 that would have otherwise had been issued to finance renewable
6 energy generation and transmission projects such that the expected
7 cost of capital savings attributable to financing, refinancing or
8 retiring such transition costs with green rate reduction bonds shall
9 exceed the cost of issuing, servicing and retiring the green rate
10 reduction bonds used (1) to effect such financing, refinancing or
11 retirement and/or (2) to fund any investments by electric
12 corporations or the State in transitioning to a lower carbon
13 economy in the State of California as designated in such Financing
14 Order.

15 (6) (A) “Transition property” means the property right created
16 pursuant to this article including, without limitation, the right,
17 title, and interest of an electrical corporation or its transferee:

18 (i) In and to the tariff established pursuant to a financing order,
19 as adjusted from time to time in accordance with subdivision (c)
20 of Section 921 and the financing order.

21 (ii) To be paid the amount that is determined in a financing
22 order to be the amount that the electrical corporation or its
23 transferee is lawfully entitled to receive pursuant to the provision
24 of this article and the proceeds thereof, and in and to all revenues,
25 collections, claims, payments, money, or proceeds of or arising
26 from the tariff or constituting fixed transition amounts that are the
27 subject of a financing order including those nonbypassable rates
28 and other charges referred to in paragraph (3).

29 (iii) In and to all rights to obtain adjustments to the tariff
30 pursuant to the terms of subdivision (c) of Section 921 and the
31 financing order.

32 (B) “Transition property” shall constitute a current property
33 right notwithstanding the fact that the value of the property right
34 will depend on consumers using electricity or, in those instances
35 where consumers are customers of a particular electrical
36 corporation, the electrical corporation performing certain services.

37 (C) For purposes of Sections 63010 and 63025.1 of the
38 Government Code, “transition property” also shall mean
39 certificates representing primarily interests in the property rights
40 described in subparagraphs (A) and (B).

1 921. (a) *An electrical corporation shall, at the direction of the*
2 *commission, or may, upon its own election, apply to the commission*
3 *for a determination that certain transition costs may be recovered*
4 *through fixed transition amounts, which would therefore constitute*
5 *transition property under this article. An electrical corporation*
6 *may request this determination by the commission in separate*
7 *proceedings or in an order instituting investigation or order*
8 *instituting rulemaking, or both. The electrical corporation shall*
9 *in its application specify that customers should benefit from*
10 *reduced rates through the issuance of green rate reduction bonds.*
11 *The commission shall designate fixed transition amounts as*
12 *recoverable in one or more financing orders if the commission*
13 *determines, as part of its findings in connection with the financing*
14 *order, that the designation of the fixed transition amounts, and*
15 *issuance of green rate reduction bonds in connection with some*
16 *or all of the fixed transition amounts would reduce rates that*
17 *customers would have paid if the financing order were not adopted.*
18 *These customers shall continue to pay fixed transition amounts*
19 *until the bonds are paid in full by the financing entity.*

20 (b) *The commission may issue financing orders in accordance*
21 *with this article to facilitate the provision, recovery, financing, or*
22 *refinancing of transition costs. Each financing order shall include*
23 *a provision for the electrical corporation to equitably share in any*
24 *expected cost of capital savings attributable to refinancing or*
25 *retiring its debt or equity capital with green rate reduction bonds.*
26 *A financing order may be adopted only upon the application of an*
27 *electrical corporation and shall become effective in accordance*
28 *with its terms only after the electrical corporation files with the*
29 *commission the electrical corporation's written consent to all*
30 *terms and conditions of the financing order. A financing order*
31 *may specify how amounts collected from a customer shall be*
32 *allocated between fixed transition amounts and other charges.*

33 (c) *Notwithstanding Section 455.5, Section 1708, or any other*
34 *provision of law, except as otherwise provided in this subdivision*
35 *with respect to transition property that has been made the basis*
36 *for the issuance of green rate reduction bonds, the financing orders*
37 *and the fixed transition amounts shall be irrevocable and the*
38 *commission shall not have authority either by rescinding, altering,*
39 *or amending the financing order or otherwise, to revalue or revise*
40 *for ratemaking purposes the transition costs, or the costs of*

1 providing, recovering, financing, or refinancing the transition
2 costs, determine that the fixed transition amounts or rates are
3 unjust or unreasonable, or in any way reduce or impair the value
4 of transition property either directly or indirectly by taking fixed
5 transition amounts into account when setting other rates for the
6 electrical corporation; nor shall the amount of revenues arising
7 with respect thereto be subject to reduction, impairment,
8 postponement, or termination. Except as otherwise provided in
9 this subdivision, the State of California does hereby pledge and
10 agree with the owners of transition property and holders of green
11 rate reduction bonds that the state shall neither limit nor alter the
12 fixed transition amounts, transition property, financing orders,
13 and all rights thereunder until the obligations, together with the
14 interest thereon, are fully met and discharged, provided nothing
15 contained in this section shall preclude the limitation or alteration
16 if and when adequate provision shall be made by law for the
17 protection of the owners and holders. The financing entity is
18 authorized to include this pledge and undertaking for the state in
19 these obligations. Notwithstanding any other provision of this
20 section, the commission shall approve the adjustments to the fixed
21 transition amounts as may be necessary to ensure timely recovery
22 of all transition costs that are the subject of the pertinent financing
23 order, and the costs of capital associated with the provision,
24 recovery, financing, or refinancing thereof, including the costs of
25 issuing, servicing, and retiring the green rate reduction bonds
26 contemplated by the financing order. The adjustments shall not
27 impose fixed transition amounts upon classes of customers who
28 were not subject to the fixed transition amounts in the pertinent
29 financing order.

30 (d) (1) Financing orders issued under this article do not
31 constitute a debt or liability of the state or of any political
32 subdivision thereof, other than the financing entity, and do not
33 constitute a pledge of the full faith and credit of the state or any
34 of its political subdivisions, other than the financing entity, but
35 are payable solely from the funds provided therefor under this
36 article and shall be consistent with Sections 1 and 18 of Article
37 XVI of the California Constitution. This subdivision shall in no
38 way preclude bond guarantees or enhancements pursuant to this
39 article. All the bonds shall contain on the face thereof a statement
40 to the following effect:

1 *“Neither the full faith and credit nor the taxing power of the*
2 *State of California is pledged to the payment of the principal of,*
3 *or interest on, this bond.”*

4 *(2) The issuance of bonds under this article shall not directly,*
5 *indirectly, or contingently obligate the state or any political*
6 *subdivision thereof to levy or to pledge any form of taxation*
7 *therefor or to make any appropriation for their payment.*

8 *(e) The commission shall establish procedures for the*
9 *expeditious processing of applications for financing orders,*
10 *including the approval or disapproval thereof within 120 days of*
11 *the electrical corporation’s making application therefor. The*
12 *commission shall provide in any financing order for a procedure*
13 *for the expeditious approval by the commission of periodic*
14 *adjustments to the fixed transition amounts that are the subject of*
15 *the pertinent financing order, as required by subdivision (c). The*
16 *procedure shall require the commission to determine whether the*
17 *adjustments are required on each anniversary of the issuance of*
18 *the financing order, and at the additional intervals as may be*
19 *provided for in the financing order, and for the adjustments, if*
20 *required, to be approved within 90 days of each anniversary of*
21 *the issuance of the financing order, or of each additional interval*
22 *provided for in the financing order.*

23 *(f) Fixed transition amounts shall constitute transition property*
24 *when, and to the extent that, a financing order authorizing the*
25 *fixed transition amounts has become effective in accordance with*
26 *this article, and the transition property shall thereafter*
27 *continuously exist as property for all purposes with all of the rights*
28 *and privileges of this article for the period and to the extent*
29 *provided in the financing order, but in any event until the green*
30 *rate reduction bonds are paid in full, including all principal,*
31 *interest, premium, costs, and arrearages thereon.*

32 *(g) Any surplus fixed transition amounts in excess of the amounts*
33 *necessary to pay principal, premium, if any, interest and expenses*
34 *of the issuance of the green rate reduction bonds shall be remitted*
35 *to the financing entity and may be used to benefit customers if this*
36 *would not result in a recharacterization of the intended*
37 *characteristics of the financing, including, but not limited to, the*
38 *following:*

39 *(1) Avoiding the recognition of debt on the electrical*
40 *corporation’s balance sheet for regulatory purposes.*

1 (2) *Treating the green rate reduction bonds as debt of the*
2 *electrical corporation or its affiliates for federal income tax*
3 *purposes.*

4 (3) *Treating the transfer of the transition property by the*
5 *electrical corporation as a true sale for bankruptcy purposes.*

6 (4) *Avoiding any adverse impact of the financing on the*
7 *electrical corporation's credit rating.*

8 922. (a) *Financing entities may issue green rate reduction*
9 *bonds upon approval by the commission in the pertinent financing*
10 *orders. Green rate reduction bonds shall be nonrecourse to the*
11 *credit or any assets of the electrical corporation, other than the*
12 *transition property as specified in the pertinent financing order.*

13 (b) *An electrical corporation may sell and assign all or portions*
14 *of its interest in transition property to an affiliate. An electrical*
15 *corporation or its affiliates may sell or assign their interests to*
16 *one or more financing entities created hereunder that make that*
17 *property the basis for issuance of green rate reduction bonds to*
18 *the extent approved in the pertinent financing orders. An electrical*
19 *corporation, its affiliates, or financing entities may pledge*
20 *transition property as collateral, directly or indirectly, for green*
21 *rate reduction bonds to the extent approved in the pertinent*
22 *financing orders providing for a security interest in the transition*
23 *property, in the manner as set forth in Section 923. In addition*
24 *transition property may be sold or assigned by (1) the financing*
25 *entity or a trustee for the holders of green rate reduction bonds in*
26 *connection with the exercise of remedies upon a default, or (2)*
27 *any person acquiring the transition property after a sale or*
28 *assignment pursuant to this subdivision.*

29 (c) *To the extent that any interest in transition property is so*
30 *sold or assigned, or is so pledged as collateral, the commission*
31 *shall authorize the electrical corporation to contract with the*
32 *financing entity that it will continue to operate its system to provide*
33 *service to its customers, will collect amounts in respect of the fixed*
34 *transition amounts for the benefit and account of the financing*
35 *entity, and will account for and remit these amounts to or for the*
36 *account of the financing entity. Contracting with the financing*
37 *entity in accordance with that authorization shall not impair or*
38 *negate the characterization of the sale, assignment, or pledge as*
39 *an absolute transfer, a true sale, or security interest, as applicable.*

1 (d) Notwithstanding Section 1708 or any other provision of law,
2 any requirement under this article or a financing order that the
3 commission take action with respect to the subject matter of a
4 financing order shall be binding upon the commission, as it may
5 be constituted from time to time, and any successor agency
6 exercising functions similar to the commission and the commission
7 shall have no authority to rescind, alter, or amend that requirement
8 in a financing order. The approval by the commission in a
9 financing order of the issuance by an electrical corporation or a
10 financing entity of green rate reduction bonds shall include the
11 approvals, if any, as may be required by Article 5 (commencing
12 with Section 816) and Section 701.5. Nothing in Section 701.5
13 shall be construed to prohibit the issuance of green rate reduction
14 bonds upon the terms and conditions as may be approved by the
15 commission in a financing order. Section 921 shall not be
16 applicable to the transfer or pledge of transition property, the
17 issuance of green rate reduction bonds, or related transactions
18 approved in a financing order.

19 923. (a) A security interest in transition property is valid, is
20 enforceable against the pledgor and third parties, subject to the
21 rights of any third parties holding security interests in the transition
22 property perfected in the manner described in this section, and
23 attaches when all of the following have taken place:

24 (1) The commission has issued the financing order authorizing
25 the fixed transition amounts included in the transition property.

26 (2) Value has been given by the pledgees of the transition
27 property.

28 (3) The pledgor has signed a security agreement covering the
29 transition property.

30 (b) A valid and enforceable security interest in transition
31 property is perfected when it has attached and when a financing
32 statement has been filed in accordance with Chapter 4
33 (commencing with Section 9401) of Division 9 of the Commercial
34 Code naming the pledgor of the transition property as “debtor”
35 and identifying the transition property. Any description of the
36 transition property shall be sufficient if it refers to the financing
37 order creating the transition property. A copy of the financing
38 statement shall be filed with the commission by the electrical
39 corporation that is the pledgor or transferor of the transition
40 property, and the commission may require the electrical

1 corporation to make other filings with respect to the security
2 interest in accordance with procedures it may establish, provided
3 that the filings shall not affect the perfection of the security interest.

4 (c) A perfected security interest in transition property is a
5 continuously perfected security interest in all revenues and
6 proceeds arising with respect thereto, whether or not the revenues
7 or proceeds have accrued. Conflicting security interests shall rank
8 according to priority in time of perfection. Transition property
9 shall constitute property for all purposes, including for contracts
10 securing green rate reduction bonds, whether or not the revenues
11 and proceeds arising with respect thereto have accrued.

12 (d) Subject to the terms of the security agreement covering the
13 transition property and the rights of any third parties holding
14 security interests in the transition property perfected in the manner
15 described in this section, the validity and relative priority of a
16 security interest created under this section is not defeated or
17 adversely affected by the commingling of revenues arising with
18 respect to the transition property with other funds of the electrical
19 corporation that is the pledgor or transferor of the transition
20 property, or by any security interest in a deposit account of that
21 electrical corporation perfected under Division 9 (commencing
22 with Section 9101) of the Commercial Code into which the revenues
23 are deposited. Subject to the terms of the security agreement, upon
24 compliance with the requirements of subdivision (g) of Section
25 9302 of the Commercial Code, the pledgees of the transition
26 property shall have a perfected security interest in all cash and
27 deposit accounts of the electrical corporation in which revenues
28 arising with respect to the transition property have been
29 commingled with other funds, but the perfected security interest
30 shall be limited to an amount not greater than the amount of the
31 revenues with respect to the transition property received by the
32 electrical corporation within 12 months before (1) any default
33 under the security agreement or (2) the institution of insolvency
34 proceedings by or against the electrical corporation, less payments
35 from the revenues to the pledgees during that 12-month period.

36 (e) If an event of default occurs under the security agreement
37 covering the transition property, the pledgees of the transition
38 property, subject to the terms of the security agreement, shall have
39 all rights and remedies of a secured party upon default under
40 Division 9 (commencing with Section 9101) of the Commercial

1 *Code, and shall be entitled to foreclose or otherwise enforce their*
2 *security interest in the transition property, subject to the rights of*
3 *any third parties holding prior security interests in the transition*
4 *property perfected in the manner provided in this section. In*
5 *addition, the commission may require, in the financing order*
6 *creating the transition property, that, in the event of default by the*
7 *electrical corporation in payment of revenues arising with respect*
8 *to the transition property, the commission and any successor*
9 *thereto, upon the application by the pledgees or transferees,*
10 *including transferees under Section 844, of the transition property,*
11 *and without limiting any other remedies available to the pledgees*
12 *or transferees by reason of the default, shall order the*
13 *sequestration and payment to the pledgees or transferees of*
14 *revenues arising with respect to the transition property. Any order*
15 *shall remain in full force and effect notwithstanding any*
16 *bankruptcy, reorganization, or other insolvency proceedings with*
17 *respect to the debtor, pledgor, or transferor of the transition*
18 *property. Any surplus in excess of amounts necessary to pay*
19 *principal, premium, if any, interest, costs, and arrearages on the*
20 *green rate reduction bonds, and other costs arising under the*
21 *security agreement, shall be remitted to the debtor or to the pledgor*
22 *or transferor.*

23 *(f) Section 5451 of the Government Code shall not apply to any*
24 *pledge of transition property by a financing entity. Sections 9204*
25 *and 9205 of the Commercial Code shall apply to a pledge of*
26 *transition property by an electrical corporation, an affiliate of an*
27 *electrical corporation, or a financing entity.*

28 *(g) (1) This section sets forth the terms by which a consensual*
29 *security interest can be created and perfected in the transition*
30 *property. Unless otherwise ordered by the commission with respect*
31 *to any series of green rate reduction bonds on or prior to the*
32 *issuance of the series, there shall exist a statutory lien as provided*
33 *in this subdivision. Upon the effective date of the financing order,*
34 *there shall exist a first priority lien on all transition property then*
35 *existing or thereafter arising pursuant to the terms of the financing*
36 *order. This lien shall arise by operation of this section*
37 *automatically without any action on the part of the electrical*
38 *corporation, any affiliate thereof, the financing entity, or any other*
39 *person. This lien shall secure all obligations, then existing or*
40 *subsequently arising, to the holders of the green rate reduction*

1 bonds issued pursuant to the financing order, the trustee or
2 representative for the holders, and any other entity specified in
3 the financing order. The persons for whose benefit this lien is
4 established shall, upon the occurrence of any defaults specified in
5 the financing order, have all rights and remedies of a secured
6 party upon default under Division 9 (commencing with Section
7 9101) of the Commercial Code, and shall be entitled to foreclose
8 or otherwise enforce this statutory lien in the transition property.
9 This lien shall attach to the transition property regardless of who
10 shall own, or shall subsequently be determined to own, the
11 transition property including any electrical corporation, any
12 affiliate thereof, the financing entity, or any other person. This
13 lien shall be valid, perfected, and enforceable against the owner
14 of the transition property and all third parties upon the
15 effectiveness of the financing order without any further public
16 notice; provided, however, that any person may, but shall not be
17 required to, file a financing statement in accordance with
18 subdivision (b). Financing statements so filed may be “protective
19 filings” and shall not be evidence of the ownership of the transition
20 property.

21 (2) A perfected statutory lien in transition property is a
22 continuously perfected lien in all revenues and proceeds arising
23 with respect thereto, whether or not the revenues or proceeds have
24 accrued. Conflicting liens shall rank according to priority in time
25 of perfection. Transition property shall constitute property for all
26 purposes, including for contracts securing green rate reduction
27 bonds, whether or not the revenues and proceeds arising with
28 respect thereto have accrued.

29 (3) In addition, the commission may require, in the financing
30 order creating the transition property, that, in the event of default
31 by the electrical corporation in payment of revenues arising with
32 respect to transition property, the commission and any successor
33 thereto, upon the application by the beneficiaries of the statutory
34 lien, and without limiting any other remedies available to the
35 beneficiaries by reason of the default, shall order the sequestration
36 and payment to the beneficiaries of revenues arising with respect
37 to the transition property. Any order shall remain in full force and
38 effect notwithstanding any bankruptcy, reorganization, or other
39 insolvency proceedings with respect to the debtor, pledgor, or
40 transferor of the transition property. Any surplus in excess of

1 amounts necessary to pay principal, premium, if any, interest,
2 costs, and arrearages on the green rate reduction bonds, and other
3 costs arising in connection with the documents governing the green
4 rate reduction bonds, shall be remitted to the debtor or to the
5 pledgor or transferor.

6 924. (a) A transfer of transition property by an electrical
7 corporation to an affiliate or to a financing entity, or by an affiliate
8 of an electrical corporation or a financing entity to another
9 financing entity, which the parties have in the governing
10 documentation expressly stated to be a sale or other absolute
11 transfer, in a transaction approved in a financing order, shall be
12 treated as an absolute transfer of all of the transferor's right, title,
13 and interest (as in a true sale), and not as a pledge or other
14 financing, of the transition property, other than for federal and
15 state income and franchise tax purposes. Granting to holders of
16 green rate reduction bonds a preferred right to revenues of the
17 electrical corporation, or the provision by the company of other
18 credit enhancement with respect to green rate reduction bonds,
19 shall not impair or negate the characterization of any transfer as
20 a true sale, other than for federal and state income and franchise
21 tax purposes.

22 (b) A transfer of transition property shall be deemed perfected
23 as against third persons when both of the following have taken
24 place:

25 (1) The commission has issued the financing order authorizing
26 the fixed transition amounts included in the transition property.

27 (2) An assignment of the transition property in writing has been
28 executed and delivered to the transferee.

29 (c) As between bona fide assignees of the same right for value
30 without notice, the assignee first filing a financing statement in
31 accordance with Chapter 4 (commencing with Section 9401) of
32 Division 9 of the Commercial Code naming the assignor of the
33 transition property as debtor and identifying the transition property
34 has priority. Any description of the transition property shall be
35 sufficient if it refers to the financing order creating the transition
36 property. A copy of the financing statement shall be filed by the
37 assignee with the commission, and the commission may require
38 the assignor or the assignee to make other filings with respect to
39 the transfer in accordance with procedures it may establish, but
40 these filings shall not affect the perfection of the transfer.

1 925. Any successor to the electrical corporation, whether
2 pursuant to any bankruptcy, reorganization, or other insolvency
3 proceeding, or pursuant to any merger, sale, or transfer, by
4 operation of law, or otherwise, shall perform and satisfy all
5 obligations of the electrical corporation pursuant to this article
6 in the same manner and to the same extent as the electrical
7 corporation, including, but not limited to, collecting and paying
8 to the holders of green rate reduction bonds or their representatives
9 or the applicable financing entity revenues arising with respect to
10 the transition property sold to the applicable financing entity or
11 pledged to secure green rate reduction bonds.

12 926. The authority of the commission to issue financing orders
13 pursuant to Section 921 shall expire on _____. The
14 expiration of the authority shall have no effect upon financing
15 orders adopted by the commission pursuant to this article or any
16 transition property arising therefrom, or upon the charges
17 authorized to be levied thereunder, or the rights, interests, and
18 obligations of the electrical corporation or a financing entity or
19 holders of transition bonds pursuant to the financing order, or the
20 authority of the commission to monitor, supervise, or take further
21 action with respect to the order in accordance with the terms of
22 this article and of the order.

23 ~~SECTION 1. Section 3384 of the Public Utilities Code is~~
24 ~~amended to read:~~

25 ~~3384. The authority may not finance or approve any new~~
26 ~~program, enterprise, or project on or after January 1, 2007, except~~
27 ~~a program for the use of renewable energy resources undertaken~~
28 ~~pursuant to subdivision (e) of Section 3365.~~